Iowa Public Impact Index - Wells Fargo

"Net present value" (NPV) is an accounting tool that enables comparison of funds received or spent during different years. NPV calculations reduce expected amounts by a set interest rate for each year in the future. The interest rate used here is the ten-year running average interest rate for ten-year U.S. Treasury bills.

Income Impact:

The net present value (NPV) of a 10-year stream of increases in the personal income component of the GSP2 that results from the increased revenue of the applicant.

Direct effects only3

Direct & indirect effects4

\$434,412,735 \$766,997,099

Personal income impact is the annual increase in income that the project applicant is expected to generate through its payrolls and the

Direct effect to 2002 Iowa Personal Income⁵ Multiplier effect to 2002 IA Personal Income⁶

0.053% 0.093%

Impact on Iowa Personal Income:

payrolls of its vendors

Business taxes: The NPV of a 10-year stream of business taxes that the project applicant is expected to be paying to state and local government

Public Investment:

The NPV of a 10-year stream of public investments and additional costs

to the public that are associated with this project

State business taxes15

State government costs 13

Local government costs 14

State & local government costs

Local business taxes16

State & local business taxes

\$24,636,023

\$19,675,212

\$44,311,235

Employment Impact:

Average number of new jobs per year⁷

Average wages per job8

2.000 \$33,700

Personal taxes:

The NPV of a 10-year stream of personal income sales and use taxes that is expected to result from the project's payroll

State personal taxes 17

\$33,394,674

Local personal taxes 18

\$8,524,523 \$41,919,197

State & local personal taxes:

Economic Impact Calculations: Impact on income for each public dollar spent (ratio)

Direct effects only9

Direct & indirect (mutiplier) effects¹⁰

Direct effects only11

Direct & indirect (mutiplier) effects12

Total impact on Iowa employee income

\$142,877,926 \$252,086,194

11th Year and Beyond:

State only

Projected yearly state tax receipts 19

Projected yearly local tax receipts20

Projected yearly total tax receipted

Projected yearly personal income increase²¹

Projected yearly income increase (multiplied)22

\$73,589,505 \$125,551,400

Local only

Fiscal Impact Calculations:

3.28

5.56

Impact of the project on net tax revenue

Total taxes collected as a result of the project²³ The ratio of taxes received to incentives paid²⁴

Net dollars of taxes minus the incentives²⁵

Projected tax receipts that result from the project in year 11 and beyond²⁶

State & Local \$80,791,570 1.82

\$36,480,335 \$11,946,205

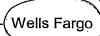
Impact of the project on net tax revenue deducting the cost of public services *

The ratio of 'surplus taxes' received to incentives paid²⁷ * Net dollars of 'surplus taxes' minus the incentives28 *

1.02 \$709,668

* Disclaimer: The Department does not utilize these figures because they are based on assigning current costs of state and local government (\$ 2,258 and \$620 per worker, respectively) as if all employees were new to the state. In addition, it assumes there are no efficiencies as a larger population base shares services. Therefore these figures are not considered relevant to a fair analysis. They are included in the model because there was an interest by the advisory group of economists in attempting to

Iowa Public Impact Index



Income Impact:

The net present value (NPV) of a 10-year stream of increases in the personal income component of the GSP that results from the increased revenue of the applicant.

Direct effects only
Direct & indirect effects

muttiplier

\$434,412,735 \$766,997,099

Public Investment:

The NPV of a 10-year stream of public investments and additional costs to the public that are associated with this project

State government costs
Local government costs
State & local government costs

\$27,443,749 \$20,549,135 \$47,992,884

Impact on Iowa Personal Income:

Personal income impact is the annual increase in income that the project applicant is expected to generate through its payrolls and the payrolls of its vendors

Direct effect to 2002 Iowa Personal Income Multiplier effect to 2002 Iowa Personal Income 0.052% 0.092%

Business taxes:

The NPV of a 10-year stream of business taxes that the project applicant is expected to be paying to state and local government

State business taxes Local business taxes State & local business taxes

\$29,564,030

\$9,308,344

Employment Impact:

18 78 700 21

Average number of new jobs per year Average wages per job

2,000 **\$** \$33,700

Personal taxes: employees

The NPV of a 10-year stream of personal income sales and use taxes that is expected to result from the project's payroll

State personal taxes
Local personal taxes
State & local personal taxes:

\$33,394,674 \$8,524,523

\$41,919,197

Economic Impact Calculations:

Impact on income for each public dollar spent (ratio)

D rect effects only
D rect & indirect (mutiplier) effects
5.56

Total impact on Iowa employee income

D rect effects only \$141,669,004 D rect & Indirect (mutiplier) effects \$250,877,267 11th Year and Beyond:

Projected yearly state tax receipts \$6,374,323
Projected yearly local tax receipts \$5,571,882
Projected yearly total tax receipted \$11,946,205

Projected yearly personal income increase Projected yearly income increase (multiplied) \$73,589,505 \$125,551,400

Fiscal Impact Calculations

Impact of the project on net tax revenue

Total taxes collected as a result of the project
The ratio of taxes received to incentives paid

Net dollars of taxes minus the incentives

Projected tax receipts that result from the project in year 11 and beyond

\$80,791,570 1.68 \$32,798,686

\$42,703,017 1.56 \$15,259,269

State-only

Local only \$38,088,553 1.85 -\$17,539,417

\$6,374,323

\$5,571,882

Impact of the project on net tax revenue deducting the cost of public services

The ratio of 'surplus taxes' * received to incentives paid Net dollars of 'surplus taxes' * minus the incentives 0.94 -\$2,971,981

\$11,946,205

0.53 -\$12,802,005 ,... 1.48 \$9,830,024